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News Release

Immediate release

Ottawa, March 20, 1996
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TAX CONVENTION SIGNED BY CANADA AND UKRAINE

Finance Minister Paul Martin today announced that a Convention between Canada and Ukraine for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income and on capital was signed on March 4, 1996, at Kiev. The Convention was signed on behalf of Canada by Ambassador Christopher Westdal and on behalf of Ukraine by the Minister of Finance, Petro Hermanchuk.

The Convention is patterned to a large extent on the model double taxation convention prepared by the Organisation for Economic Co-operation and Development. Under the Convention, a general rate of withholding tax of 5 per cent will apply to dividends paid to a parent company and on branch profits and of 10 per cent on interest and royalties. The rate of withholding tax on other dividends is set at 15 per cent. The Convention also provides for a number of withholding tax exemptions in the case of interest and for an exemption from withholding tax with respect to royalties on computer software.

The Convention will enter into force after Canada and Ukraine have notified each other of the completion of the procedures required by law for its bringing into force and its provisions will have effect, in the case of the withholding tax, from the sixtieth day following the day of entry into force and, in the case of other taxes, for taxation years beginning on or after the first day of January following the date of entry into force.

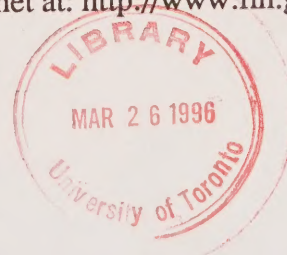
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Press release also available on
Internet at: <http://www.fin.gc.ca/>

For copies of the text of the Convention

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